

## Message Text

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12

ACTION EA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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R 260032Z JUN 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 936

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E.O. 11652: N/A

TAGS: EIND, KS

SUBJECT: KOREA INSURANCE INDUSTRY - U.S. FIRMS' PARTICIPATION

REF: STATE 143597

1. RONALD C. HUGEL, MANGER OF AMERICAN INTERNATIONAL UNDERWRITERS (KOREA), LTD., HAS WRITTEN TO EMBASSY DIRECTOR OF ECONOMIC AFFAIRS SETTING FORTH GUIDELINES PUT FORTH BY COL. U.H. PARK, PRES. OF KOREA FIDELITY AND SURETY CO. AND APPOINTED SPOKESMAN FOR MINISTRY OF FINANCE (MOF) IN MATTER OF U.S. FIRMS' PARTICIPATION IN SURANCE INDUSTRY:

"(1) AMERICAN INTERNATIONAL UNDERWRITERS WOULD FORM A GENERAL INSURANCE JOINT VENTURE OPERATION WITH THE AIU PARTICIPATION BEING BETWEEN 30 PCT. AND 40 PCT. THE REMAINING OF PARTICIPATION (SIC) WOULD BE MADE UP OF THE 13 LOCAL INSURANCE COMPANIES IN THE REPUBLIC.

"(2) THE CHAIRMAN AND PRESIDENT OF THE NEW CORPORATION WOULD BE KOREAN NATIONALS WITH THE EXECUTIVE VICE PRESIDENT BEING FROM AIU. THERE WOULD ALSO BE SIX DIRECTORS, FOUR OF WHICH WOULD COME FROM THE KOREAN PARTNERS.

"(3) AIU KOREA WOULD BE REQUIRED TO TERMINATE ITS  
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PRESENT INSURANCE OPERATIONS AND TURN OVER ALL INSURANCE

PREMIUMS AND PROGRAMS PRESENTLY WRITTEN UNDER THE EXISTING  
LICENSE TO THE NEW CORPORATION.

"(4) THE QUESTION OF INVOLVEMENT OF AIU IN THE EXISTING  
FIRE POOL OPERATIONS AND MARINE POOL OPERATIONS WOULD STILL  
REQUIRE CLAIRIFICATION.

"(5) APPROXIMATE INVESTMENT OF AIU PART WOULD BE  
SOMEWHERE BETWEEN 1 MILLION AND 1.5 MILLION DOLLARS."

2. MAURICE GREENBERG, CHAIRMAN OF THE BOARD OF AIU, CABLE  
THE AMBASSADOR AND ALSO ADVISED RON HUGEL THAT THE OFFER WAS  
"A SHAM" AND NOT WORTHY OF CONSIDERATION. HUGEL MET ONCE  
WITH DIRECTOR AND TWICE WITH EMBASSY COMMERCIAL OFFICER AND  
CONCEDED THAT GREENBERG REACTION WAS "TOO STRONG" AND IF  
CONVEYED TO KOREAN SIDE WOULD BE COUNTERPRODUCTIVE. EMBASSY  
HAS ADVISED HUGEL THAT BEST SHORT-TERM STRATEGY WOULD BE FOR  
AIU TO NEGOTIATE PRIVATELY WITH COL. PARK, AND THROUGH HIM  
WITH MOF. HUGEL AGREED WITH US THAT MOF PROPOSALS WERE  
INTENDED AS A BASE FOR NEGOTIATIONS.

3. EMBOFF WILL MEET THURSDAY WITH YOUNG P. SOHN, AFIA  
REPRESENTATIVE IN KOREA, TO SUGGEST THAT AFIA REVIEW ITS  
FUTURE PLANS AND, IF FIRM DEEMS APPROPRIATE, APPROACH MOF  
WITH ITS OWN EXPANSION PROPOSAL.

4. DECONTROL FOLLOWING JUNE 30, 1976.  
SNEIDER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INSURANCE, JOINT VENTURES, BUSINESS FIRMS  
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